

Honorable Robert S. Lasnik

UNITED STATES DISTRICT COURT FOR THE  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

UNITED STATES OF AMERICA,  
Plaintiff,

v.

SERGEI POTAPENKO and  
IVAN TURÕGIN,  
Defendants.

NO. 2:22-CR-00185-RSL  
**NOTICE OF TEMPORARY  
RESTRAINING ORDER IN  
BANKRUPTCY COURT IN THE  
DISTRICT OF NEW JERSEY  
IMPACTING UNITED STATES'  
MOTION TO COMPEL [DKT.  
NO. 17]**

On May 22, 2023, the government filed a motion to compel compliance with seizure warrants served on BlockFi Inc. and related entities (“BlockFi”) (the “Motion”). (Dkt. No 17). On May 23, 2023, the government advised this Court that the Official Creditor’s Committee (the “Committee”) filed an adversary action in the bankruptcy proceeding in the District of New Jersey, and the bankruptcy court entered an order restraining BlockFi from transferring the funds at issue in the Motion to the government. (Dkt. No. 18). On May 26, 2023, upon the Committee’s supplemental motion, the bankruptcy court entered a Temporary Restraining Order (the “bankruptcy TRO”) restraining the government’s

1 ability to litigate the Motion. (Dkt. No. 24-2). In relevant part, the bankruptcy judge  
2 ordered:

3       The Government is hereby temporarily restrained from commencing or  
4 continuing any act to obtain the property from the Debtors specified in the  
5 Motion to Compel, including but not limited to prosecuting its Motion to  
6 Compel, pending further Order of this [bankruptcy] Court, and must either  
7 (i) take all necessary steps to adjourn all deadlines, noting dates, return dates,  
8 hearing dates, and all similar procedural deadlines of the Motion to Compel  
pending further Order of this Court; or (ii) withdraw the Motion to Compel  
without prejudice.

9 *Id.* at pp. 4-5 (emphasis in original).

10       The United States intends to seek appropriate relief in the District of New Jersey  
11 from the bankruptcy TRO, which gave the option of withdrawing the Motion or taking all  
12 necessary steps to adjourn deadlines and related dates. The United States does not intend  
13 to withdraw the Motion, but finds itself in an impossible position with respect to the second  
14 option: it cannot change the deadlines and noting date without an order from *this* Court.  
15 Based on the government's filing date of May 22, 2023, the Local Rules set a deadline of  
16 May 30, 2023 for opposition briefs, and June 2, 2023 (the noting date) for the government's  
17 reply. *See* Local Rules, W.D. Wash. CrR. 12. On May 30, 2023, at 5:30 pm, the Committee  
18 filed a letter with this Court (Dkt. No. 27) indicating that the Committee does not intend to  
19 respond to the Motion as a result of the bankruptcy TRO.

20       The bankruptcy TRO does not restrain any other party from filing materials in the  
21 Motion proceedings and in fact, BlockFi filed its opposition to the Motion on May 26,  
22 2023. (Dkt. No. 24). No party or purported party can adjourn deadlines set by Local Rules.  
23 The government therefore respectfully asks this Court to enter an order (1) providing  
24 guidance to the parties on compliance with the bankruptcy TRO as it relates to the Motion  
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1 pending in this Court; and (2) providing any other relief or instruction it deems just and  
2 appropriate.

3 DATED: May 30, 2023

4 Respectfully submitted,  
5 BRENT S. WIBLE, Chief  
6 Money Laundering and Asset Recovery  
7 Section, Criminal Division  
8 U.S. Department of Justice

9 By: /s/ Adrienne E. Rosen  
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